

Message Text

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SUBJ : COMPELLING POLITICAL AND COMMERCIAL IMPORTANCE

ZAGREB FALL FAIR FY 1975

REF : A) BELGRADE 4750 B) CM-2083 C) A-9254

SUMMARY: COMPELLING POLITICAL AND COMMERCIAL IMPORTANCE
OF ZAGREB FALL FAIR MAKES IT PRIME CANDIDATE FOR SELECTION AS
COMMERCIAL PRESENCE FAIR TYPE A IN FY 1975. EMBASSY READY
AND ABLE TO EXTEND FULL SUPPORT, BUT IN LIGHT OF SPECIAL LOCAL
CIRCUMSTANCES, WE RECOMMEND COMMERCE ASSUME MAJOR
RESPONSIBILITY FOR RECRUITMENT. END SUMMARY.

1. THERE IS COMPELLING POLITICAL RATIONALE FOR CONTINUING
US PRESENCE AT ZAGREB FAIR ARE VERY STRONG. BASIC OBJECTIVES
OF US POLICY ARE TO MAINTAIN NONALIGNMENT OF THIS KEY COUNTRY,
AND TO MAINTAIN AND EXPAND WESTERN ORIENTATION OF ITS ECONOMIC
LEADERSHIP AND BUSINESS ENTERPRISES. US ABSENCE FROM
YUGOSLAVIA'S LARGEST AND MOST PRESTIGIOUS ANNUAL COMMERCIAL
EVENT WOULD BE THOROUGHLY INCONSISTENT WITH THIS BASIC OBJECTIVE.
VISIT OF PRESIDENT TITO AND MOST OF REST OF YUGOSLAV LEADERSHIP
TO US PAVILION HAS TRADITIONALLY BEEN HIGHLY VISIBLE EXAMPLE
(NATIONWIDE TV COVERAGE) OF CLOSE TIES BETWEEN TWO COUNTRIES.

2. APART FROM POLITICAL CONSIDERATIONS, HOWEVER, ZAGREB FALL
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FAIR CAN STAND ON ITS OWN FEET COMMERCIALLY, AS EVIDENCED

BY HIGH QUALITY AND THRUST OF EXHIBITS MOUNTED BY 55 OTHER COUNTRIES HERE, AND SUPERIOR RESULTS OF THEIR EFFORTS (REFTEL). FRG, USSR, ITALY, AUSTRIA, US, AND FRANCE REGULARLY MOUNT LARGE WELL-EQUIPPED PAVILIONS AND THOROUGHLY SALES-ORIENTED SHOWS. AUSTRALIA AND SWEDEN PLANNING INITIAL NATIONAL EXHIBITS NEXT YEAR.

3. USIS SHOW ON ENVIRONMENTAL PROTECTION IN 1973 WAS VERY SUCCESSFUL COMMERCIALY, DESPITE PARTIAL IMAGE ORIENTATION. SHOW GENERATED OVER 550 TRADE LEADS. ELEVEN U.S. FIRMS AND SUBSIDIARIES WHICH EXHIBITED WERE FULLY SATISFIED WITH RESULTS.

4. ZAGREB FAIR INVARIABLY ATTRACTS TOP EXECUTIVES OF ALL MAJOR YUGOSLAV INDUSTRIAL AND TRADING ENTERPRISES, BANKS AND CHAMBERS OF ECONOMY, AS WELL AS LARGE NUMBERS OF BUSINESS VISITORS FROM EASTERN EUROPEAN COUNTRIES. WE CONSIDER THIS FAIR PERHAPS SINGLE BEST AVENUE FOR INTRODUCING US PRODUCTS TO ENTIRE AREA.

5. COMMERCIAL PRESENCE FAIR EFFORT WILL HAVE THE COMPLETE SUPPORT OF ENTIRE COUNTRY TEAM HERE, INCLUDING OF COURSE, ACTIVE LEADERSHIP AND PARTICIPATION OF AMBASSADOR.

6. EMBASSY DOES NOT, HOWEVER, HAVE CAPABILITY TO UNDERTAKE RECRUITMENT EFFORT INVOLVING 25 TO 30 FIRMS. TYPE A CRITERIA AS SET OUT IN STATE A-9254 PRESUPPOSES EXISTENCE OF RESIDENT AMERICAN BUSINESS COMMUNITY AND LOCAL SUBSIDIARIES WITH DECISION-MAKING POWER OR IN CLOSE TOUCH WITH US PARENT FIRMS. YUGOSLAVIA DOES NOT YET HAVE SUCH COMMUNITY. THEREFORE, RECRUITMENT EFFORTS FOR ZAGREB WILL INVOLVE DIRECT CONTACT WITH FIRMS IN US. WE HAVE HAD NO DIRECT PREVIOUS CONTACT WITH MANY OF FIRMS WHICH WOULD BE GOOD CANDIDATES FOR PARTICIPATION. THUS, POST MANHOURS DEVOTED TO RECRUITMENT ALONE WOULD SURPASS 400 WHICH COMMERCE HAS ESTIMATED AS NEEDED TO MOUNT ENTIRE SHOW. WE WOULD HOPE COMMERCE, WITH EXTENSIVE FIELD OFFICE NETWORK, WOULD ASSUME RESPONSIBILITY FOR CONTACTING US MANUFACTURES BASED ON SUGGESTIONS DEVELOPED HERE.

7. WE WOULD PROPOSE FOLLOWING ALTERNATIVES AS TO TYPE OF SHOW FOR ZAGREB IN SEPTEMBER 1974:

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A. HORIZONTAL-TYPE SHOW RECRUITED FROM US FIRMS WHICH EXPRESS INTEREST IN MEMBERSHIP IN PROJECTED US-YUGOSLAV CHAMBER OF COMMERCE (BELGRADE A-659). CURRENT CANVAS BY COMMERCE FOR THIS PURPOSE MAY WELL DISCLOSE NUMEROUS FIRMS WHICH WILL WISH UTILIZE ZAGREB FAIR TO INTRODUCE THEMSELVES IN YUGOSLAV MARKETS OR TO BROADEN CONTACTS.

B. VERTICAL TYPE SHOW FEATURING EQUIPMENT FOR ELECTRIC

POWER INDUSTRY OR ENERGY DEVELOPMENT SECTOR GENERALLY. RECENT LETTER OF INTENT TO WESTINGHOUSE FOR \$400-MILLION KRSKO NUCLEAR POWER PROJECT IS ONLY ONE EXAMPLE OF YUGOSLAV INTEREST IN US EQUIPMENT FOR VAST EXPANSION OF POWER PRODUCTION AND DISTRIBUTION NEEDED OVER NEXT DECADE. OFFSHORE AND ONSHORE OIL DEVELOPMENT, COAL DEVELOPMENT ARE OTHER AREAS OF MAJOR PROMISE.

C. A USIS MOUNTED SHOW. CONCEPT OF USIS PARTICIPATION IN COMMERCIAL PRESENCE FAIR SEEMS TO BE FULLY LENDORSED IN REF B. USIS - WITH COMMERCE SUPPORT-WAS HIGLY SUCCESSFUL IN MOUNTING EXHIBITS IN 1973. WHETHER SAME SOLUTION AVAILABLE IN 1974 DEPENDS UPON (1) AVAILABILITY OF COMMERCIAL ORIENTED AND/OR COMMERCIALLY EXPLOITABLE SHOW DURING PERIOD IN QUESTION; (2) COMMERCE WILLINGNESS TO UTILIZE FUNDS AVAILABLE FOR COMMERCIAL PRESENCE FAIRS, IN ORDER SUPPORT USIS EFFORT.

8. WE AR CONVINCED THAT JOINT ACTION OF COMMERCE, USIA AND THE EMBASSY IS OF UTMOST IMPORTANCE TO OUR OVERALL TRADE PROMOTION EFFORT IN YUGOSLAVIA. BILLIONS OF DOLLARS WORTH OF MAJOR NATIONAL, REGIONAL AND INDIVIDUAL ENTERPRISE PROJECTS ARE NOW BEGINNING TO MOVE FORWARD OWING TO THE COUNTRY'S STRENGTHENED BALANCE OF PAYMENTS AND FOREIGN EXCHANGE RESERVE POSITION (NOW ALMOST \$2-BILLION). THIS GIVE S US SUPPLIERS UNMATCHED OPPORTUNITY TO CAPITALIZE ON CURRENCY ALIGNMENTS FAVORABLE TO US VIS-A-VIS MAJOR COMPETITORS. THSI ADVANTAGE SHOULD NOT BE DILUTED BY OUR FAILURE TO MOUNT EXHIBIT IN COUTRY'S MOST PRESTIGIOUS COMMERCIAL FAIR.
TOON

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